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FROM THE BATION SYSTEM TO A DEVELOPED SOVIET TRADE

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Both these measures have one goal: a speedier elimination of the consequences of the war, a faster return to normal exchange of commodities, stabilizing the value of the ruble, raising the real wages of workers and employees and the income of collective farmers, and providing a further rise in the national economy.

The postwar Five-Year Plan provided for the abolition of the ration system and the transition to a developed Soviet trade during 1946 and 1947. Rationing of bread, flour, meal and macaroni products was to be abolished by the autumn of 1946. However, this was prevented by an unusually severe drought which enveloped a considerable area of the European USSR. It is possible to say without exaggeration that if it were not for Soviet power, the socialist economic system, and the kolkhoz system, the 1946 drought would have brought intense starvation to the country. This did not occur. Thanks to the measures initiated

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by Stalin and passed by the party and the government, it was possible not only to provide supplies to city populations but also to give substantial aid in provisions, food, and seed to the peasants of regions which suffered from drought. The Presidium of the Supreme Soviet of the USSR postponed the abolition of rationing until 1947 because of the drought and the resultant reduction of the country's food supplies. Now, the abolition of rationing of all goods represents a task of the Five-Year Plan which has been fulfilled.

The abolition of the ration system and the conversion to a developed Soviet trade necessitated a number of transitional measures. In order to establish uniform prices, it was necessary to lower high commercial prices and to raise somewhat the low fixed prices on rationed goods. Raising the fixed prices necessitated some sacrifices on the part of workers, employees and peasants, but without such sacrifices it would have been impossible to eliminate the dire consequences of war, to speed up the reconstruction and further growth of the national economy, and to raise the standard of living. In September 1946 commercial prices of all goods were lowered and fixed prices on a number of food goods were raised somewhat. At the same time the Soviet government raised the wages of low- and medium-paid workers and employees, thus preventing them from losing out as a result of the rise in fixed prices.

Having organized cooperative trade in cities and in workers' settlements on a level with state trade, in order to set up conditions for the abolition of rationing and for the establishment of uniform state prices, it was necessary to expand production, to accumulate reserves of food and industrial goods, to utilize all sources for developing the exchange of goods. These conditions were achieved, thanks to the successful fulfillment of the first 2 years of the new Five-Year Plan and to the good harvest of 1947, which was achieved through the efforts of the industrious workers of socialist agriculture on the basis of the resolution of the February Plenum of the Central Committee of the Communist Party.

The resolutions of the February Plenum of the TsK VCP (b) played an important part in the rise of agriculture. The total grain yield during the current year is 58 per cent greater than last year, due to the measures undertaken by the party and the government, to the excellent organization of agricultural work, and to favorable weather conditions. The state received approximately as much grain this year as in the best prewar years, although the amount of cultivated area and technical agricultural equipment is still less than in prewar years.

There has been a considerable revival of industrial goods production. According to statistics of the Central Statistical Administration of the State Planning Commission (Gosplan) of the USSR, in the third quarter of 1947, as compared to the third quarter of 1946, the production of cotton cloth increased 31 percent; leather footwear, 44 percent; rubber footwear, 65 percent; woolen material, 34 percent; stockings and socks, 48 percent. The production of knitted goods, dishware, sewing machines, bicycles, radio receivers, clocks, and other goods needed by the population is growing every day. In republic and local industry, in enterprises featuring industrial cooperation and cooperation of invalids alone, the production of metalware increased 2 1/2 times; metal beds, 72 percent; furniture, 35 percent, etc., in the third quarter of 1947 as compared to the third quarter of 1946. The restoration of reserves of food and industrial goods makes possible the organization of a developed Soviet trade without a ration system.

The Party and the government even during the war took special measures to restore and develop Soviet trade. One of these measures was the introduction of commercial trade. The organization of commercial trade was started at the beginning of 1944 by Stalin's order. Well-equipped stores with a wide assortment of high-quality goods and staffed by qualified personnel were opened first in Moscow and Leningrad and then, as the reserves of goods increased, in Kiev.

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Sverdlovsk, Chelyabinsk, Gorkiy, and a number of other cities. These commercial stores act as schools for the restoration and cultivation of Soviet trade.

The commercial stores have had a great influence on industry in improving the quality and variety of products and in renewing the production of a number of goods, the manufacture of which was discontinued at the beginning of the war. Commercial trade made possible the lowering of market prices which had increased in the first period of the war.

The restoration and setting in order of the trade network also was important in preparing for a developed Soviet trade. The trade network was severely curtailed during war years, particularly in regions which suffered German occupation. In the course of 2½ years, from January 1945 to July 1947, nearly 100,000 stores, dining rooms, restaurants, tea houses, and stalls were restored and reopened. More recently more than 25,000 additional trade enterprises were restored and reopened. Along with these, existing trade enterprises were set in order, repaired, and enlarged in stock and equipment.

Qualified and well-trained personnel are necessary to the development of trade. Many new and inexperienced people entered trade during the war. They had an adequate knowledge of neither the goods nor of technical practices, and became accustomed to working with a narrow, limited assortment. Therefore, training and retraining of trade personnel was organized on a large scale in special schools and courses right in stores and dining rooms.

The abolition of the ration system and the transition to a developed Soviet trade was accomplished in a short time after the conclusion of the war, which was the most trying and disastrous one our country has known. This fact once more shows the vital strength of the Soviet social and state structure and the supreme advantages of the socialist system over the capitalist.

The capitalist countries of Europe, which suffered from World War II to an immeasurably lesser degree than the Soviet Union, up to this time have not been able to cope with the problems of restoring the economy.

In England, a country in whose territory there was no military action, not only have they not abolished the ration system, but they have cut the average rations and have introduced rationing of bread and potatoes, which were not rationed before. In France the bread ration has been cut down from 300 to 200 grams a day in the current year. The lowering of food supply standards and an increase in the cost of living is taking place in Italy and in other capitalist countries of Europe. There, not only are state standards of supply diminishing, but prices on food products and consumers' goods are rising, and this is lowering the real wages of workers.

Monetary reform was introduced recently in Austria. Not only was there no decrease in prices after this reform, but on the contrary, prices on several products increased still further. The standard food ration in Austria is so low that the chief source of supply for the population is the so-called black market.

Monetary reform and the abolition of the ration system have caused extensive comment in the foreign press. The progressive press throughout the world, particularly in countries of the new democracy, appraised this event as the result of the tremendous success of the Soviet Union in restoring and developing the national economy. The Czechoslovakian newspaper, Rude Pravo, on 16 December wrote in its leading article, devoted to the USSR monetary reform and abolition of the ration system as contrasted with the recent statement by Truman on the proposed introduction of a ration system in the USA.

"One good harvest and a successful beginning of the Five-Year Plan were

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enough to enable the Soviet Union to abolish its ration system. Monetary reform is being carried out by socialist, not by capitalist methods, that is, it is not intended to harm workers, but on the contrary, is being conducted so that workers' wages will remain unchanged and even that their real value will increase due to the lowering of basic food prices."

The Hungarian newspaper Szabadsag wrote: "The Soviet Union again has shown a fine example to the whole world. The country, which took upon itself the great burden of the struggle with Fascism, and a large part of whose territory was devastated by the barbarians, has abolished rationing of food and industrial goods. The standard of living of workers and peasants was raised simultaneously with the change in the means of payment and the restoration of the full value of the ruble. The decree of the Soviet government has again demonstrated the indubitable advantages of the socialist system of production."

Even the reactionary press, which occupies itself with systematic attacks on the Soviet Union, has not been able to hide from its readers the successful execution of monetary reform and the abolition of the ration system in the USSR.

The Reuters Agency transmitted the communication of its Moscow correspondent, Don Dallas, in which it was noted that with the introduction of the new food prices, family expenses decreased 50 percent. The correspondent wrote: "Most significant was the lowering of the price of flour. The new price is 8 rubles a kilogram which is a decrease of more than 400 percent in comparison with the "commercial" price and of 12 percent in comparison with the fixed price under rationing. Along with the 12 percent decrease in the fixed price of bread and the 10 percent decrease in the price of meal, this constitutes a substantial economy in the family budget."

The London radio commentator, Toby Clark, reported on 15 December: "From the resolution one can infer that the volume of production in the Soviet Union has been effectively restored. The resolution of the Soviet government upholds the report of the extraordinarily abundant harvest gathered this year in the Soviet Union."

The ration system in the USSR played a positive role in the war years. It was necessary in order to organize the supply of much-needed articles to workers and employees under war conditions but at fixed prewar prices.

The war caused a significant decrease in the stock of marketable goods. The production of food and consumers' goods noticeably declined from the beginning of the war due to the conversion of many enterprises to serving the needs of the front and to temporary occupation of economically important regions by the Fascist-German invaders. The tremendous damage and destruction by the enemy to the industry and agriculture of these regions told even in the postwar years.

With the decrease in supply of goods it was necessary to limit consumption at home in order first to supply the army. For this it was necessary to utilize existing resources in the most sound and expedient way, to maintain state supplies of goods at a definite level, and to guarantee priority of supply to workers in war industries and in other branches of the national economy necessary to defense. These tasks were accomplished through the ration system.

The principle of differentiated supply was established as a basis for the distribution of standardized goods. Various norms of supply were established for separate groups and categories of workers, and supplementary food supplies were set up for persons engaged in heavy labor and working in enterprises vital to defense. Increased norms of supply and supplementary food supplies were also established for children, pregnant women, nursing mothers, blood donors,

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and for workers in science, art, and literature.

Particular attention must be given to the fact that our state tried to increase systematically the marketable supply of different food goods under the trying conditions of war, beginning in the second half of 1942. With the aid of the ration system this increase in food supplies was employed primarily to improve the supply to workers and engineering and technical workers in the most important branches of the national economy and to improve nourishment of children.

However, the ration system has a number of negative aspects which must be tolerated under war conditions. But in peacetime the structure of the ration system becomes a hindrance to the successful solution of problems of restoration and further development of the national economy. It does not create the stimulus necessary to the expansion of production and to the increase in the productivity of labor. Under the ration system, not only the wage rate but the norms of supply by ration cards determined the possibility of obtaining any goods. Due to this, the possibility of actually differentiated payment according to a worker's quality and quantity of work was limited, since there are elements in the ration system of a certain equalization in distribution and consumption. The ration system does not stimulate the individual worker's interest in increasing the productivity of labor; besides, it does not take into account the individual needs and wishes of each worker.

With the conditions of standardized supply and with the gap between the state and market prices, part of the products, which were distributed by rationing at low prices, were resold sometimes at triple speculative prices. The ration system and the accompanying inflation in prices hindered the strengthening of the ruble and produced a certain instability in the real wages of workers and employees.

The ration system slowed down development of commodity circulation and accustomed trade workers to a mechanical distribution of goods. Under the conditions of standardized supply, workers in trade did not show the necessary care with the quality and assortment of goods without which it is impossible to develop and cultivate Soviet trade.

Abolition of the ration system checked a great quantity of money which had been issued in wartime, since the excess money in circulation had inflated market prices, created an exaggerated demand for goods, and made speculation possible. The recent passage of monetary reform, which liquidates the effects of war in the field of currency circulation and has restored the full-value Soviet ruble, has helped the transition to a trade at uniform prices without rationing. The abolition of rationing inflicted a crushing blow on the unscrupulous and speculative elements which used the ration system and the gap between fixed and market prices for various intrigues and abuses, for reselling of rationed goods, and for speculation.

The abolition of standardized supply necessitates considerable reorganization of the work of trade enterprises which became unaccustomed to cultivated trading during the war, since rationing deprived consumers of their personal choices. At present, consumers' demands on trade, and through it, on industry, are growing. As a result the selection and quality of goods is improving.

The abolition of rationing and the development of Soviet trade at uniform prices will make possible the fulfillment of the postwar Stalin Five-Year Plan ahead of time and further increase the material prosperity of our people. Now, with the abolition of rationing, the exchange of commodities is being developed more widely and industry and agriculture are flourishing even more.

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The actual value of wages is increasing considerably. Those who do more and better work will be able to obtain more goods with their wages and at the same time thus satisfy their tastes and demands. The abolition of rationing will stimulate a growth in the productivity of labor throughout the national economy. The interest of collective farmers in expanding agricultural production and increasing its marketability is also growing.

With the abolition of the ration system, the sale of food and industrial goods is being carried out in an open trade system. High commercial prices have been abolished and uniform lowered state retail prices on food and industrial goods have been introduced.

On what level are these uniform prices established?

In September 1946 the Soviet of Ministers of the USSR lowered commercial prices and raised fixed prices on food goods somewhat in order to annul commercial prices at the time rationing was abolished and to announce new fixed prices on food goods at uniform state prices. Now, this principle is also the basis for establishment of uniform state retail prices. Prices on some food goods are set at a much lower level in the interests of workers. Thus, uniform prices on bread are on an average 13 percent lower by comparison with fixed prices under rationing, and 19 percent lower on meal and macaroni. In comparison with commercial prices they are more than 2 1/2 times lower.

The new state retail prices on basic food goods, meat, fish, fat, sugar, confectionary products, salt, potatoes, and vegetables, are established on a level with effective fixed prices under rationing. Low fixed prices, established before the war, were in effect until recently on milk, eggs, tea, and fruit. New uniform prices for basic food goods are established on an equal level with fixed prices under rationing now that high commercial prices and too low fixed prices on milk, eggs, tea and fruit have been abolished. Uniform prices on tobacco products and matches have been established on a level with the fixed prices under rationing.

Extremely essential to the population is the lowering, in comparison with fixed prices under rationing, of the uniform prices of bread, flour and macaroni products, that is, on products of the greatest mass-, everyday-consumption. Potatoes and vegetables also belong with these products. The uniform prices of vegetables and potatoes are established on a level with fixed prices under rationing, which hardly changed during the war. This has great importance for the widest group of workers.

The uniform state retail price on bread and the majority of other food products is established, as before, according to zones. In addition the economic and geographic nature of the republics, krais, and oblasts are taken into account as well as the degree of development of their production of these and other products. For example, to the first zone belong regions with the greatest mass production of grain and other food products (Ukraine SSR, regions of the North Caucasus, West Siberia, etc.). The northern and eastern regions belong to the third zone, where the majority of these products must be imported (Khazarovsk and Primorskiy Krays, Yakutsk ASSR, etc.).

Other factors also are considered in relating regions to zones. Thus, the majority of regions of Turkmen, Uzbek, and Tadzhik Republics cannot be included with regions having mass production of grain, but bread is sold there according to Zone 1 prices, that is, at the lowest price, in order to stimulate cotton growing in those regions.

The uniform state retail prices on industrial goods are established between high commercial prices and low fixed prices under rationing. In September 1946

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commercial prices on industrial goods were lowered, but fixed prices under rationing remained unchanged. Now, high commercial prices on all industrial goods are abolished. Uniform state retail prices on these industrial goods are higher in comparison with fixed prices under rationing but are on an average 3.2 times lower than commercial prices.

The abolition of high commercial prices and the reduction of fixed prices under rationing on a number of goods covers the loss to the population occasioned by monetary reform and the exchange of the old devalued money for the new full-value ruble. The abolition of commercial prices is of great significance to the consumer's budget, and also because a considerable part of the population has made use of commercial stores, restaurants, dining rooms, tea houses, and food counters.

Uniform state prices prevail neither in the kolkhoz market, where, as formerly, prices are established in the market, nor in cooperative trade in goods which have been purchased by the cooperatives themselves, in compliance with the decree of the Soviet of Ministers of the USSR of 9 November 1946. However, the city population will benefit greatly by the inevitable lowering of prices in kolkhoz markets and in cooperative trade. A price reduction in open state trade always has led to a lowering of prices in the kolkhoz market. Now prices in kolkhoz markets and also in cooperative trade are being reduced as a result of the abolition of rationing and commercial prices and the introduction of uniform state retail prices.

Prices on meat, butter, milk, eggs, potatoes, and other agricultural products fell sharply from the very first day of trading under the new market prices without rationing. Without doubt prices in kolkhoz markets can be lowered even more. This depends on the aid given by local organizations to the market system, to the improvement of the import of agricultural products, and to their transport to markets. Reduction of market prices as well as the inevitable reduction of prices in cooperative stores in cities, workers' settlements, and regional centers which trade in products which the cooperatives themselves have purchased, will contribute to the improvement of the material conditions of workers, to a developed Soviet trade, and to the expansion of the exchange of commodities between cities and rural areas.

The regulation of currency circulation and the growth of goods production and retail commodity exchange have made lower prices possible and in the future will lead to a new increase in the real wages of workers and employees, in the profits of collective farmers, and in the material prosperity of our people.

The Party and the government have always given a great deal of attention to the development of commodity exchange, which is one of the conditions for the expansion of socialist production.

The exchange of commodities which has been expanding year by year in the course of socialist construction is a result of the strengthening of the socialist economic system. The complete supremacy of the socialist economic system has been upheld as a result of the fulfillment of two Stalin Five-Year Plans: this system has constituted 92.8 percent of the total industrial production, 98.6 percent of agriculture production, including that of individual collective farmers for their own use, and 100 percent of the exchange of commodities.

An increase in the volume of state and cooperative exchange of commodities to 206 billion rubles as against 126 billion rubles in 1937 was planned for the Third Five-Year Plan with the goal of further raising the material prosperity of the people. This plan was successfully completed. The retail exchange of commodities in 1940 exceeded 175 billion rubles, and the retail network grew

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more than 21 percent. The treacherous invasion of the Fascist-Germans interrupted the peacetime creative work of the Soviet people and the development of Soviet trade.

The volume of retail commodity exchange during the postwar Five-Year Plan is increasing considerably in comparison with prewar plans. The postwar Five-Year Plan provides for expanding production and offering high-quality food products, textiles, clothes, and footwear to the population. It provides for the increase in 1950, as compared with 1940, in the market supplies of retail goods for state and cooperative trade, including such products as meat, fish, sugar, confectionery, cotton, wool and silk cloth, and leather footwear. Along with these, the Five-Year Plan provides for the development of the production and sale of goods for cultural and household use.

The new Five-Year Plan emphasizes the following necessities: to organize retail trade in wood materials, iron, nails, bricks, window glass, paints, oils, and other repair and building materials; to restore and increase the network of state and cooperative trade in cities and rural areas and the network of trade bases and warehouses; to restore and expand the network of specialized stores in cities and of general supply stores and stores in villages which deal in the household products needed by peasants; to expand the network of tea houses in cities, regional centers, and large population centers; to achieve further development of kolkhoz trade; to restore and expand the network of kolkhoz markets; to organize the wide sale in markets of industrial goods demanded by peasants.

For the successful accomplishment of the tasks outlined in the Five-Year Plan in the field of commodity exchange, it is necessary first of all to utilize all possibilities for increasing the reserves of goods, and for increasing the production of food products and consumers' goods. We must strive to have all industries which produce food and industrial goods increase their production and improve the selection and quality of their products. The development of consumers' goods is not a matter for one or several branches of industry. All branches of our Soviet industry are both able and obliged to produce the goods needed by the population.

The natural wealth of our country permits the development of consumers' goods production in literally every region. Local industry and handicraft cooperation have a large part in this.

The decree of the Soviet of Ministers of the USSR of 9 November 1946 created the conditions necessary for completely satisfying the requirements of the market in local trade and handicraft cooperation. It is necessary only to utilize these conditions.

During the war, trade organizations created many subsidiary enterprises to produce clothing, underwear, hats, knitted goods, footwear, and various other industrial and food goods, packaging materials, and trade inventory, and equipment.

In 1947, production enterprises in the system of the Ministry of Trade fulfilled the annual plan ahead of schedule for the 30th Anniversary of the October Revolution, having produced 400 million rubles' worth of goods more than in 1946. The obligation of developing productive activity is by no means less great with the transition to a developed trade with trade organizations. It is necessary for enterprises of trade organizations to produce basically those goods of which there is a scarcity of selection in stores and which will serve as examples for the development of mass production in industry. Trade organizations also have the task of increasing food reserves in every way by means of developing by-products and provisioning facilities.

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With the abolition of the ration system, competition between various trade systems, organizations, and enterprises is developing more successfully. This competition will enable enterprises of all systems, such as auctions, workers supply sections (ORS), and cooperatives, to give the best service to the population.

ORS workers supply sections of industrial, transport, and communications enterprises, were able, in the majority of cases, to improve the supply to workers, engineering and technical workers, and employees of their own enterprises on account of auxiliary facilities and other supplementary reserves. ORS auxiliary economies, workshops, and enterprises of daily-needs service are contributing to the complete satisfaction of the needs of workers, engineering and technical workers, and employees. ORS must fulfill these tasks even better and must also raise considerably the level of their stores and dining rooms under the new conditions of trade without rationing.

The network of specialized firm stores of the industrial ministries is being restored and expanded. These stores are given as examples of cultivated trade in specific types of food and industrial goods.

Of great importance is the further development of cooperative trade in agricultural products purchased by cooperatives in compliance with the decree of the Soviet of Ministers of 9 November 1946, in cities, workers' settlements, and regional centers. The Soviet of Ministers of the USSR noted then that the cooperative does not compete with state trade in the cities, and that this is slowing down the expansion of trade in agricultural products and consumers' goods. The government permitted the consumers' cooperative to organize trade in agricultural products and other food and industrial goods in cities, workers' settlements, in railway stations, and landings at prices established in the market, provided they are not higher than the state commercial prices. Now, after the abolition of rationing and the introduction of uniform prices, the consumers' cooperative is permitted to conduct trade in agricultural products at prices not less than 10 percent lower than market prices in selling areas. Under present conditions the cooperatives have increasing opportunity to purchase agricultural products for the further development of their trade.

The further development of trade in kolkhoz markets has good prospects. It is necessary to set markets up properly to strengthen their connection with the kolkhozes, to give them permanent places for trade in the markets, to give aid in the delivery of products, and also to stimulate the increase and regularity of import of agricultural products.

The transition to a developed Soviet trade, the tasks of further increasing the exchange of commodities and improving service to the population, demand a decisive improvement in the quality of work of the entire trade system, a change in the methods of trade management, and an improvement in planning. Trade planning must be based on the study of consumers' demands, the trade situation and economic indices of separate regions. The managers of trade must strive for careful observation of the trade situation, flexibility and maneuverability in the disposition of supplies of goods, permanent connection with local enterprises, daily aid to them and strict control of them.

The new and higher requirement of the whole trade system is the necessity of further increasing the business qualification and ideological and political level of trade workers.

Local organizations and trade workers in an overwhelming majority of republics, krais, oblasts, and cities have coped successfully with the preparations for the development of an open Soviet trade. Trade organizations and enterprises have succeeded in rapidly reorganizing their work according to new methods. The first reports from large cities and industrial centers reveal that trade without rationing is developing smoothly. Naturally, in the course of trading without rationing, certain deficiencies in the work of separate trade organizations and

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enterprises have appeared. The task is to uncover and correct quickly all these deficiencies and to bring an exemplary order into enterprises of trade and public food establishments.

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